

**MINUTES OF THE  
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENT INTERIM COMMITTEE**  
Wednesday, August 18, 2010 – 9:00 a.m. – Room 210 Senate Building

**Members Present:**

Sen. Dennis E. Stowell, Senate Chair  
Rep. Roger E. Barrus, House Chair  
Sen. Allen M. Christensen  
Sen. Margaret Dayton  
Rep. Melvin R. Brown  
Rep. Rebecca Chavez-Houck  
Rep. Brad L. Dee  
Rep. Jack R. Draxler  
Rep. Ben C. Ferry  
Rep. Kerry Gibson  
Rep. James R. Gowans  
Rep. Neal B. Hendrickson  
Rep. Fred R. Hunsaker

Rep. John G. Mathis  
Rep. Michael E. Noel  
Rep. Patrick L. Painter  
Rep. Phil Riesen  
Rep. Ryan D. Wilcox  
Rep. Bill Wright

**Members Absent:**

Sen. Karen W. Morgan

**Staff Present:**

Mr. J. Brian Allred, Policy Analyst  
Mr. Christopher R. Parker, Associate General Counsel  
Ms. Joy L. Miller, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.leg.utah.gov](http://www.leg.utah.gov).

**1. Committee Business**

Chair Barrus called the meeting to order at 9:10 a.m. Sen. Morgan was excused from the meeting.

**MOTION:** Rep. Draxler moved to approve the minutes of the June 23, 2010 meeting. The motion passed unanimously. Rep. Dee, Rep. Ferry, Rep. Hunsaker, and Rep. Noel were absent for the vote.

**2. Carbon Sequestration Pore Space Ownership and Liability**

Chair Barrus commented on the importance of energy production and how energy will be generated in the future.

Mr. Al Walker, Eastern Utah Technology Outreach Director, USTAR, gave a presentation "USTAR Turning innovation into industry" to the Committee. He explained that carbon sequestration is the capture and storage of CO<sub>2</sub> that is emitted to the atmosphere. Mr. Walker outlined the risks, potential escape mechanisms, and remedial measures involved with carbon sequestration. He responded to questions from the Committee.

Mr. Parker discussed carbon sequestration provisions in Montana, North Dakota, and Wyoming. He discussed ownership of pore space into which the CO<sub>2</sub> would be injected and who would be liable for the injected CO<sub>2</sub>. Mr. Parker reviewed the provisions of proposed federal legislation addressing pore space.

Mr. Ian Andrews, PacifiCorp, explained that Wyoming has adopted legislation on issues such as pore space, liability, unitization rules, and financial assurance. Wyoming has also developed trust fund concepts for the long-term stewardship phase. He explained geologic sequestration and discussed potential risks involved in that process.

Mr. Rob Herbert, Manager, Division of Water Quality, stated that in 2009 it was determined that the Division of Oil, Gas, and Mining (DOGM) was better suited to implement the future class 6 injection well rules for carbon sequestration, based on DOGM's technical expertise and current regulatory oversight responsibilities.

Since that time, subcommittees have met and established draft rules on carbon capture and sequestration.

Mr. John Baza, DOGM, said they have been uncomfortable with developing rules without legislative direction. He stated the Interstate Oil Gas Compact Commission has developed a model statute, however, it was recognized that each state would have to address the issue in its own way. He briefly discussed the draft rules that have been established. He indicated that DOGM has not determined pore space ownership.

Ms. Cheryl Heying, Division of Air Quality, explained the tasks and goals of the Carbon Capture and Separation Subcommittee. She stated that capture and separation of CO<sub>2</sub> has been happening for a period of time in the enhanced oil and gas recovery industry. She said the subcommittee will meet again in the upcoming months to develop recommendations for the Committee to consider.

Mr. Jeff Rawson, Bureau of Land Management (BLM), said that BLM does not have any current rulemaking in process for carbon sequestration in relationship to the storage for greenhouse gas emissions. He noted that last year a report was prepared for Congress on carbon sequestration. He indicated he would provide a copy of the report to the Committee.

Chair Barrus requested that Mr. Andrews also provide a copy of his presentation to the Committee.

Mr. Walker discussed the proposed research project on Gordon Creek located on School and Institutional Trust Lands Administration (SITLA) property, which is safe and remote from any communities. He acknowledged that the question of who will assume liability needs to be addressed. He suggested the state assume some of the risk for just the research project.

### **3. Update on Oil Shale and Tar Sands**

Mr. Barclay Cuthbert, Vice President, Operations, Earth Energy Resources Inc., gave a presentation on the project located on SITLA lands in Eastern Utah. He explained that the project is water and energy efficient and an environmentally responsible operation. He outlined the project's challenges and opportunities.

Ms. Laura Nelson, Vice President, Read Leaf Resources, commented that there are a number of companies in oil shale and oil sands that are currently operating in the state. She explained that the amount of water used varies for each process. Ms. Nelson noted that the Legislature has been active in supporting these industries, which are environmentally and economically sustainable.

Mr. Larry Winter, Oil Shale Exploration Company (OSEC), distributed a copy of his presentation "Oil Shale Exploration Company" and a booklet "American Energy Independence Through Global Innovation." He noted that OSEC compares favorably in cost compared to other types of production. Mr. Winter stated that now is the time to continue to develop policies in the U.S. that will lead to energy independence.

### **4. Energy Education Funding**

Mr. Baza distributed a copy of his presentation "Addressing Utah's Mineral Literacy." He expressed concern that Utah's energy development is not widely known. He indicated that Utah ranks 15<sup>th</sup> in the nation in total energy production. Mr. Baza stressed the importance of student education and public outreach and reviewed possible funding considerations to provide the necessary education.

Ms. LaVonne Garrison, Assistant Director, Oil and Gas, SITLA, stated that sustainability of voluntary funds is also a consideration. She requested the Committee provide recommendations and direction in what the next step should be.

Rep. Draxler stated he would be willing to sponsor legislation on the matter.

**5. Utah State Energy Program Report on the Use of American Recovery and Reinvestment Act Funds**

Mr. Jason Berry, Utah State Energy Program (SEP) Manager, distributed a copy of his presentation "American Recovery and Reinvestment Act." He outlined the national long-term goals they are addressing with the Department of Energy. He discussed SEP grant funds and Energy Efficiency Conservation Block Grants that have been awarded. Mr. Berry reviewed the many accomplishments SEP has made.

**6. Other Business / Adjourn**

**MOTION:** Rep. Chavez-Houck moved to adjourn. The motion passed unanimously.

Chair Barrus adjourned the meeting at 12:15 p.m.